

PUBLIC DISCLOSURE

OCTOBER 4, 1999

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

ST. ANNE'S CREDIT UNION

286 OLIVER STREET
FALL RIVER, MA 02184

DIVISION OF BANKS
ONE SOUTH STATION
BOSTON, MA 02110

<p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires the Division of Banks (Division) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire local community, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **ST. ANNE'S CREDIT UNION** prepared by the Massachusetts Division of Banks, the institution's supervisory agency, as of **OCTOBER 4, 1999**. The Division evaluates performance in the assessment area(s), as they are defined by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The Division rates the CRA performance of an institution consistent with the provisions set forth in 209 CMR 46.00.

INSTITUTION'S CRA RATING: This institution is rated " Satisfactory"

The institution's performance as measured by the Lending and Service Tests under the Community Reinvestment Act resulted in a "Satisfactory" rating for St. Anne's Credit Union. The following summary highlights the results of the efforts made by the board of directors, management, and staff to meet the credit union's CRA responsibilities. Following this summary is a discussion of the Performance Context and the Performance Test. The Performance Context consists of a description of the credit union and a demographic description of the credit union's assessment area. The Performance Test is a detailed account of the credit union's performance under the Lending Test and the Service Test and covers the period January 1, 1998 through October 1, 1999. These two tests establish the basis for the credit union's rating.

Lending Test

St. Anne's Credit Union's performance under the Lending Test is rated satisfactory. The institution's lending efforts were rated under six performance criteria: Lending Activity, Geographic Distribution, Borrower Characteristics, Innovative or Flexible Lending Practices, Efforts to Assist Low and Moderate-Income Residents to Remain In Their Neighborhoods, and Fair Lending Policies and Practices.

St. Anne's Credit Union's lending levels reflect a reasonable responsiveness to its assessment area's credit needs. The credit union originated 63.5% of its HMDA-reportable loans within its assessment area. The geographic distribution of HMDA-reportable loans reflects a good penetration of the various census tracts throughout the assessment area. In addition, a sample of consumer loans originated in Fall River and New Bedford revealed an excellent penetration within low and moderate-income tracts at 70.7%. Based on the products reviewed, the lending distribution by borrower profile shows that the credit union has displayed a willingness to lend to borrowers of various income levels, especially when compared to the aggregate. The credit union utilizes innovative and flexible lending practices, to better serve the assessment area's credit needs, particularly those of low and moderate-income individuals. The credit union does not have any qualified community development loans to be considered at the present time. Finally, fair lending policies and practices were found to be satisfactory.

Service Test

St. Anne's Credit Union's performance under the Service Test is rated satisfactory. The credit union's delivery systems are readily accessible to all portions of the assessment area. The credit union's services are designed to meet the needs of the assessment area, with specific services benefiting low and moderate-income individuals. Credit union personnel meet with local community organizations to discuss the credit needs of the community, and donate their time and expertise through their volunteer efforts in a variety of public service organizations within the assessment area.

LENDING, INVESTMENT, AND SERVICE TEST TABLE

PERFORMANCE TESTS St. Anne's Credit Union			
Performance Levels	Lending Test*	Investment Test	Service Test
Outstanding		N/A	
High Satisfactory		N/A	
Satisfactory	X	N/A	X
Needs to Improve		N/A	
Substantial Non-Compliance		N/A	

*Note: The Lending Test is weighed more heavily than the Service and Investment Tests when arriving at an overall rating.

PERFORMANCE CONTEXT

Description of Institution

St. Anne's Credit Union (St. Anne's) is a large community credit union chartered by the Commonwealth of Massachusetts in 1936. Membership is currently open to people and organizations within the greater Fall River area as well as all of Bristol, Plymouth, and Barnstable Counties in Massachusetts.

As of June 30, 1999, St. Anne's had \$383,850,906 in total assets. Of these assets, approximately \$301,523,901 or 78.6 percent were in the form of loans. The credit union has shown remarkable growth over its 63-year history. From June 30, 1997, to June 30, 1999, the credit union's assets have grown by 38.8% from \$276 million to \$383 million.

The composition of the credit union's loan portfolio consists of residential mortgage loans, commercial real estate loans, construction loans, home improvement loans and consumer loans. Refer to the following table for the distribution of the credit union's loan portfolio.

Loan Portfolio Composition

Loan Type	Amount (000s)	Percent
One to Four-Family Residential Mortgages	\$256,867	85.2
Equity Lines of Credit	\$18,145	6.1
Other Real Estate	\$11,612	3.8
New and Used Vehicle Loans	\$8,191	2.7
Unsecured Loans	\$6,709	2.2
Total Gross Loans	\$301,524	100.0

Source: June 30, 1999 Statement of Financial Condition.

St. Anne's Credit Union is headquartered at 286 Oliver Street in Fall River, Massachusetts and is located in a moderate-income census tract. The credit union also operates an office in Fall River and three full service offices in Swansea, Somerset, and North Dartmouth. In addition, the credit union has a loan production office located in Seekonk, Massachusetts as well as a loan center in Dartmouth, Massachusetts.

The branch at 2031 South Main Street, Fall River is located in a moderate-income census tract. All other branches, including the loan production office and loan center, are located in either middle or upper-income census tracts. ATMs are available at all locations with the exception of the loan center. The credit union is a member of the SUM Alliance, which waives ATM surcharges for customers of SUM Alliance member institutions. All branches have extended hours on Friday and/or Saturday.

St. Anne's Credit Union has competition from several financial institutions within its assessment area. These financial institutions include Fall River Five Cents Savings Bank; Slade's Ferry Trust Company; Citizens-Union Savings Bank; Fall River Municipal Employees Credit Union, as well as representatives of regional and national mortgage companies. The market influence from these institutions appears to be significant and as a result serves to keep the credit union's rates and services offered competitive.

Market share information obtained from PCI Services, Inc. CRA WIZ, based on 1998 aggregate performance data (the most recent data available), indicates that among the 306 lenders in the assessment area, St. Anne's Credit Union was ranked second with a 7.2 percent market share in total loans originated or purchased within its assessment area. In addition, the credit union was ranked second with 7.6 percent of the market share in lending to low and moderate-income applicants, and third with a 6.6 percent of the market share in lending in low and moderate-income census tracts within its assessment area.

The credit union has been very active in selling loans in the secondary market. In 1998, the credit union sold 475 loans totaling \$47,169,000 to FNMA and 5 loans totaling \$955,000 to MHFA. Through October 25, 1999, the credit union sold 145 loans totaling \$14,231,000 to FNMA and 17 loans totaling \$1,731,000 to MHFA.

The credit union's net loan-to-share ratio as of June 30, 1999 was 89.9 percent. This ratio has decreased from 94.5 percent on June 30, 1998 to 87.0 percent on December 31, 1998. St. Anne's Credit Union's net loan-to-share ratio for June 30, 1999 was compared to the ratios of four other area institutions. These ratios range from a low of 53.7 percent to a high of 89.9 percent. St. Anne's net loan-to-share ratio compares favorably to the other institutions.

Refer to the following table for details.

INSTITUTION	NET LOAN TO DEPOSIT RATIO
St. Anne's Credit Union	89.9%
Slade's Ferry Trust Company	72.2%
Fall River Five Cents Savings Bank	71.4%
Fall River Municipal Employees	65.9%
Citizens-Union Savings Bank	53.7%

The Massachusetts Division of Banks last conducted a CRA examination of the credit union on April 14, 1997. The examination was conducted under the small institution regulations and resulted in a rating of "Satisfactory".

Description of Assessment Area

Overview

The Community Reinvestment Act (CRA) requires financial institutions to define an assessment area within which its CRA performance will be evaluated. The Office of Management and Budget establishes Metropolitan Statistical Areas (MSAs) for

statistical reporting purposes by federal agencies. The credit union's assessment area contains the following 8 cities and towns located in the Providence-Fall River-Warwick, RI-MA and New Bedford MSAs:

- Providence-Fall River-Warwick, RI-MA MSA - the City of Fall River and the towns of Somerset, Swansea, Seekonk and Westport in Massachusetts. In addition, the Town of Tiverton, Rhode Island is included in this portion of the credit union's assessment area.
- New Bedford MSA - the City of New Bedford and the Town of Dartmouth.

The assessment area contains 70 census tracts: 2 (2.9%) low-income, 29 (41.4%) moderate-income, 32 (45.7%) middle-income, 5 (7.1) upper-income and 2 (2.9) designated as N/A. The tracts designated as N/A are located in New Bedford and Somerset. The census tract with no designation in New Bedford is a ship and the tract with no designation in Somerset is the Brayton Point Power Plant. It should be noted that the census tracts with no income designation are not used in the analysis of the credit union's loan activity. Refer to the tables below for the breakdown of the census tracts by city and town.

CENSUS TRACTS BY INCOME WITHIN ASSESSMENT AREA					
PROV-FALL RIVER-WARWICK RI MSA*					
CITY/TOWN	LOW	MODERATE	MIDDLE	UPPER	TOTAL
Fall River	1	16	7	1	25
Seekonk	0	0	0	2	2
Somerset	0	0	2	0	2

Swansea	0	0	1	0	1
Westport	0	0	1	0	1
Tiverton, RI	0	0	3	0	3
Total	1	16	14	3	34

Based on CRA Wiz Data

CENSUS TRACTS BY INCOME WITHIN THE ASSESSMENT AREA					
NEW BEDFORD MSA*					
CITY/TOWN	LOW	MODERATE	MIDDLE	UPPER	TOTAL
New Bedford	1	13	16	1	31
Dartmouth	0	0	2	1	3
Total	1	13	18	2	34

Based on CRA Wiz Data

Housing information obtained from CRA WIZ, based on 1990 census data, indicated that there are 120,391 housing units within the assessment area, of which 49.0% are owner-occupied, 43.8% are rental occupied units, and 7.2% are vacant units. Of the total housing units, approximately 80.9% are one to four-family homes, and 18.1% are multi-family (five and more units). The median year the housing stock in the assessment area was built is 1950.

Income information obtained from CRA WIZ, based on 1990 census data, for the assessment area indicated a median family income of \$33,719 based upon 79,964 families. Approximately, 24.5% of these families are considered low-income and 18.9% are considered moderate-income. Also, 13.5% of the people within the assessment area live below the poverty level; 34.3% receive Social Security; and 13.1% receive public assistance.

In addition to the assessment area as a whole, demographic data on the individual city and towns were also compiled. Assessment area housing data, based on 1990 census data, indicate that the median home value is \$138,743, and ranges from a low of \$115,900 in the City of New Bedford to a high of \$152,900 in the Town of Seekonk. The same data indicate that 49.0% of the occupied units in the assessment area are owner-occupied. Fall River has the lowest owner-occupancy rate at 33.0% and Seekonk has the highest at 88.1%. The 1998 and 1999 HUD estimated median family incomes in the New Bedford Metropolitan Statistical Area (MSA) are \$40,900 and \$42,100, respectively. The 1998 and 1999 HUD estimated median family incomes in the Providence-Fall River-Warwick RI-MA Metropolitan Statistical Area (MSA) are \$46,900 and \$48,100. It should be noted that

Tiverton, RI was not included in the above figures because information regarding the town was unavailable at the time of this examination.

The credit union's assessment area contains a total population of 294,145 individuals. According to a report obtained from CRA WIZ, 13,442 of these individuals are unemployed, representing 4.6% of the population.

As part of the CRA examination, community contacts are conducted by examiners to determine if there are any areas in need of assistance from local institutions, and to verify if the institutions are meeting the credit needs of the community. One community contact conducted during the examination provided relevant information on the credit union's assessment area. The contact was conducted in New Bedford and included an organization whose primary goals are to enhance the economic health of New Bedford and the Greater New Bedford Area, and to ensure that the future needs and goals of these cities and towns are met.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

LENDING TEST

The lending test evaluates the credit union's record of helping to meet the credit needs of its assessment area through its lending activities by considering the credit union's home mortgage and consumer lending activity. The credit union's lending performance is determined by the following factors: the volume of the credit union's loans within its assessment area, particularly to low and moderate-income borrowers and geographies; the use of innovative and flexible lending practices; fair lending policies and practices; and the efforts of the institution to assist low and moderate-income residents to remain in their neighborhoods. Based on these factors, St. Anne's lending performance receives an overall rating of "Satisfactory". The following information details the data compiled and reviewed, as well as conclusions on the credit union's performance relative to each criterion.

I. Lending Activity

St. Anne's Credit Union's assets totaled \$383,850,906 as of June 30, 1999. Gross loans totaled \$301,523,901 representing 78.6 percent of total assets. As of June 30, 1998, the gross loan to asset ratio was 80.0 percent. The slight decrease in the loan to asset ratio is due to a 12.9 percent increase in assets over the past year, with gross loans increasing by 10.9 percent.

In 1998, the credit union originated 1,226 HMDA-reportable loans totaling \$134,438,000, of which 768 loans totaling \$79,378,000 were in its assessment area. Of the loans within the assessment area, 31.0 percent were purchases, 67.8 percent were refinances, and 1.2 percent were home improvement loans. For year-to-date October 1, 1999, the credit union originated a total of 766 HMDA-reportable loans totaling \$81,041,000, of which 496 loans totaling \$48,072,000 were in its assessment area. Of the loans within the assessment area, 59.5 percent were refinances, 32.0 percent were purchases and 8.5 percent were home improvement loans.

The 768 mortgage and home improvement loans originated by the credit union in 1998 within the assessment area, represented 7.2% percent of the market, ranking the credit union second in market share. Large banks, credit unions and mortgage companies dominate the mortgage business in the assessment area. In 1998, the top lender in the assessment area was First Federal Savings Bank of America with 9.5 percent of the market share.

Given the credit union's market share within its assessment area and its overall volume of HMDA-reportable lending, the credit union is considered to demonstrate a reasonable responsiveness to the assessment area's credit needs.

II. Geographic Distribution

HMDA-Reportable Lending Inside and Outside of the Assessment Area

St. Anne's 1998 and YTD October 1, 1999 HMDA/Loan Application Registers (LARs) were reviewed to determine the amount of credit extended within the credit union's delineated assessment area. During this period, the credit union originated 1,992 HMDA-reportable loans totaling approximately \$215,479,000. Of this amount, 1,264 loans, or 63.5 percent of the number, totaling \$127,450,000, or 59.1 percent of the dollar amount were originated in the credit union's assessment area.

By number, Fall River accounted for the largest number of originations with 13.8 percent, followed by Dartmouth with 12.1 percent and New Bedford with 10.4 percent. Dartmouth accounted for the largest dollar volume of originations with 13.1 percent, followed by Fall River with 10.8 percent and Westport with 9.0 percent.

Refer to the following tables for additional information regarding the credit union's HMDA-reportable lending, by both number and dollar amount.

HMDA-Reportable Loans by Number of Originations

Location	1998		YTD 1999		Totals	
	#	%	#	%	#	%
Fall River	152	12.4	122	15.9	274	13.8
Dartmouth	149	12.2	92	12.0	241	12.1
New Bedford	114	9.3	93	12.1	207	10.4
Westport	108	8.8	56	7.3	164	8.2
Tiverton	69	5.6	41	5.4	110	5.6
Swansea	76	6.2	34	4.4	110	5.5
Somerset	69	5.6	39	5.2	108	5.4
Seekonk	31	2.5	19	2.5	50	2.5
Inside Assessment Area	768	62.6	496	64.8	1,264	63.5
Outside Assessment Area	458	37.4	270	35.2	728	36.5
Total	1,226	100.0%	766	100.0%	1,992	100.0%

Source: HMDA/LAR Data for the period 1/1/98 to 10/1/99

HMDA-Reportable Loans by Dollar Amount of Originations

Location	1998	YTD 1999	Totals
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	\$ (000)	%	\$ (000)	%	\$(000)	%
Dartmouth	18,005	13.4	10,218	12.6	28,223	13.1
Fall River	13,092	9.7	10,120	12.5	23,212	10.8
Westport	12,827	9.5	6,611	8.2	19,438	9.0
New Bedford	10,389	7.7	7,930	9.8	18,319	8.5
Somerset	6,558	4.9	4,056	5.0	10,614	4.9
Swansea	7,312	5.4	2,985	3.7	10,297	4.8
Tiverton	6,997	5.3	3,535	4.3	10,532	4.8
Seekonk	4,198	3.1	2,617	3.2	6,815	3.2
Inside Assessment Area	79,378	59.0	48,072	59.3	127,450	59.1
Outside Assessment Area	55,060	41.0	32,969	40.7	88,029	40.9
Total	134,438	100.0%	81,041	100.0%	215,479	100.0%

Source: HMDA/LAR Data for the period 1/1/98 to 10/1/99.

As indicated in the tables above, the majority of loans originated in 1998 and year-to-date 1999 were inside the credit union's assessment area.

Distribution of Loans by Census Tract Income Level

HMDA-Reportable Lending

An analysis of residential and consumer loans extended to borrowers from the various census tracts within the credit union's assessment area was conducted. The assessment area is comprised of 70 census tracts: 2 or 2.9 percent are designated as NA; 2 or 2.9 percent as low-income; 29 or 41.4 percent as moderate-income; 32 or 45.7 percent as middle-income; and 5 or 7.1 percent as upper-income. The low-income census tracts are located in the cities of Fall River and New Bedford. The two census tracts within the assessment area designated as NA were not used to evaluate the credit union's performance in this category because of the limited lending opportunities available in these geographies, as described in the performance context. The credit union originated loans in 66 of the 68 census tracts used for this analysis.

The following table provides a breakdown by number of the credit union's HMDA-reportable loans within its assessment area by census tract classification. The table also shows the number of loans in comparison to the number of owner-occupied properties in each census tract income category.

Distribution of HMDA-Reportable Loans within the Assessment Area by Census Tract Income Level

Census Tract Income Level	Owner-Occupied Properties	1998	YTD 1999	Total

	#	%	#	%	#	%	#	%
Low	248	0.4	3	0.4	1	0.2	4	0.3
Moderate	11,220	19.0	115	15.0	97	19.6	212	16.8
Middle	39,484	67.0	574	74.7	339	68.4	913	72.2
Upper	7,993	13.6	76	9.9	59	11.8	135	10.7
Total	58,945	100.0%	768	100.0%	496	100.0%	1,264	100.0%

Source: HMDA/LAR Data for the period 1/1/98 to 10/1/99.

As shown in the above table, 0.3 percent of the credit union's loans for 1998 and YTD October 1, 1999 were originated within low income census tracts, which is in line with the 0.4 percent of owner-occupied properties within the low-income tracts. The credit union also originated 16.8 percent of its loans within the moderate-income census tracts, which falls slightly below the 19.0 percent of owner-occupied properties within the moderate-income tracts. Middle and upper-income census tracts received 72.2 percent and 10.7 percent, respectively.

The geographic distribution of the credit union's loans by census tract category was also compared to that of all other HMDA-reporting lenders in the assessment area. The most recent data available for this analysis covers calendar year 1998 and is presented in the following table.

**Distribution of HMDA-Reportable Loans within the Assessment Area by
Census Tract Income Level
St. Anne's Credit Union Compared to All Other HMDA Reporters**

Census Tract Income Level	Number of Loans				Dollar Amount of Loans			
	St. Anne's Credit Union		All Other Reporters		St. Anne's Credit Union		All Other Reporters	
	#	%	#	%	\$(000)	%	\$(000)	%
Low	3	0.4	42	0.4	191	0.2	2,864	0.3
Moderate	115	15.0	1,624	16.5	10,165	12.8	128,117	12.9
Middle	574	74.7	6,662	67.5	59,036	74.4	640,862	64.3
Upper	76	9.9	1,537	15.6	9,986	12.6	224,622	22.5
Total	768	100.0%	9,865	100.0%	79,378	100.0%	996,465	100.0%

Source: HMDA/LAR Data for the period 1/1/98 to 12/31/98.

As demonstrated above, the percentage of the credit union's lending activity in low and moderate-income census tracts, by both number and dollar, is proportional to that of the aggregate. In fact, lending activity in low and moderate-income census tracts represents 15.4 percent by number and 13.0 percent by dollar amount in 1998. In comparison, the other HMDA reporters originated 16.9 percent by number and 13.2 percent by dollar amount in low and moderate-income census tracts. Loans in middle-income census tracts surpass the aggregate while the credit union's loans in upper-income census tracts falls below the aggregate.

In 1998, St. Anne's Credit Union ranked third in market share for lending in low and moderate-income census tracts within its assessment area. The credit union originated

118 HMDA-reportable loans in these census tracts, representing 6.6 percent of the market. The top lenders in low and moderate-income census tracts were First Federal Savings Bank of America with 10.2 percent, and GMAC Mortgage with 7.7 percent of the market share

A sample of consumer loans originated in the cities of Fall River and New Bedford was reviewed. The credit union's CRA Officer tracks consumer loans in these municipalities since they contain the vast majority of the credit union's low and moderate-income census tracts. Of the sample reviewed, 70.7% of the loans were originated in low and moderate-income tracts.

The credit union's overall performance has improved since the last examination. The percentage of originations in low and moderate-income census tracts was 15.1% in the previous examination compared to 17.1% for this examination. It should be noted that the volume of loan originations has increased substantially from 642 during the previous CRA examination to 1,264 for this examination.

III. Borrower Characteristics

HMDA-Reportable Lending

The credit union's residential loans were further analyzed to determine the distribution of lending by borrower income level. The borrowers' reported incomes were compared to the median family incomes for the Providence-Fall River and New Bedford Metropolitan Statistical Areas (MSA). The income figures are based on estimated Department of Housing and Urban Development (HUD) information. The estimated incomes in the Providence Fall River MSA for 1998 and 1999 are \$46,900 and \$48,100 respectively. The estimated incomes in the New Bedford MSA for 1998 and 1999 are \$40,900 and \$42,100 respectively.

Low-income is defined by the US Census Bureau as income below 50 percent of the median family income level for the MSA. Moderate-income is defined as income between 50 percent and 79 percent of the median family income level for the MSA. Middle-income is defined as income between 80 percent and 119 percent of the median income. Upper-income is defined as income equal to or greater than 120 percent of the median income.

The following table shows the number of HMDA-reportable loans to low, moderate, middle and upper-income borrowers in comparison to the number of families in the assessment area in each respective income group.

Distribution of HMDA-Reportable Loans within the Assessment Area to Borrowers of Different Income Levels

Borrower Income Level	Families		1998		YTD 1999		Total	
	#	%	#	%	#	%	#	%
< 50%	19,579	24.5	27	3.5	16	3.2	43	3.4

50 – 79%	15,100	18.9	112	14.6	72	14.5	184	14.6
80 – 119%	19,232	24.1	235	30.6	165	33.3	400	31.6
120%>	26,053	32.5	393	51.2	237	47.8	630	49.8
NA	0	0.0	1	0.1	6	1.2	7	0.6
Total	79,964	100.0%	768	100.0%	496	100.0%	1,264	100.0%

Source: HMDA/LAR Data for the period 1/1/98 to 10/1/99.

In 1998 and YTD October 1, 1999, the credit union extended a total of 43 loans to low-income borrowers representing 3.4 percent of the total loans within the assessment area. These loans represent 1.7 percent by dollar amount of the total loans originated in the assessment area during this period. This percentage falls well below the 24.5 percent of low-income families within the assessment area. Mitigating factors include the large number of families living below the poverty level (13.4%) and/or receiving public assistance (13.1%), and the low owner-occupancy levels in the two largest municipalities in the assessment area namely Fall River (33.0% owner-occupied) and New Bedford (43.8% owner-occupied).

The credit union also extended 184 loans to moderate-income borrowers, representing 14.6 percent by number and 10.1 percent by dollar amount. This distribution is lower than the 18.9 percent distribution of moderate-income families within the assessment area.

The distribution of the loans among the different income levels may also be compared to that of all other HMDA-reportable lenders in the assessment area. The most recent data available for this analysis relates to calendar year 1998 and is presented in the following table.

**Lending Within the Assessment Area to Borrowers of
Different Income Levels
St. Anne's Credit Union Compared to All Other HMDA-Reporters**

Borrower Income Level	Number of Loans				Dollar Amount of Loans			
	St. Anne's Credit Union		All Other Reporters		St. Anne's Credit Union		All Other Reporters	
	#	%	#	%	\$(000)	%	\$(000)	%
< 50%	27	3.5	401	4.1	1,447	1.8	19,028	1.9
50 – 79%	112	14.6	1,296	13.1	7,948	10.0	90,038	9.0
80 – 119%	235	30.6	2,765	28.0	22,415	28.2	234,790	23.6
120%.	393	51.2	3,890	39.4	47,520	59.9	439,735	44.1

NA	1	0.1	1,513	15.4	48	0.1	212,874	21.4
Total	768	100.0%	9,865	100.0%	79,378	100.0%	996,465	100.0%

Source: HMDA Data for the period 1/1/98 to 12/31/98.

The distribution of the credit union's residential loans to low-income borrowers is similar when compared to that of all other HMDA-reporters within the assessment area. As shown above, the credit union's percentage of loans to low-income borrowers is slightly lower than that of the aggregate by both number and dollar amount. The credit union originated 3.5 percent of its loans by number and 1.8 percent by dollar amount to borrowers of low-income, compared to the aggregate with 4.1 percent by number and 1.9 percent by dollar amount.

HMDA-reportable loans to moderate-income borrowers accounted for 14.6 percent by number and 10.0 percent by dollar amount within the assessment area. Both number and dollar amount exceeded that of the aggregate. The distribution of HMDA-reportable loans by borrower income demonstrates the credit union's willingness to lend to borrowers of all income levels, particularly those of low and moderate-income.

In 1998, St Anne's ranked second in lending to low and moderate-income borrowers within its assessment area. The credit union originated 139 HMDA-reportable loans from borrowers in these income groups, capturing 7.6 percent of the market. The top lender to low and moderate-income borrowers was First Federal Savings Bank of America with 10.7 percent of the market.

Based on the information above, the credit union's lending to borrowers of different income levels including those of low and moderate-income reflects satisfactory performance.

IV. Innovative or Flexible Lending Practices

St. Anne's Credit Union designs and participates in a variety of flexible loan programs aimed at meeting the credit needs of low and moderate-income homebuyers. Details of these programs are as follows.

Massachusetts Housing Finance Agency (MHFA)

St. Anne's Credit Union offers a first-time homebuyer's product through the MHFA. This program provides mortgage funds for first time homebuyers with limited incomes. For loans at or below 95% Loan To Value (LTV), a minimum down payment of 2.5% must come from a borrower's own funds. For loans at 97% LTV, a 3% down payment must be from the borrower's own funds. All borrowers must complete a MHFA approved homebuyer-counseling course. Loan terms are up to 30 years with maximum debt to income ratios of 33%/38%. During 1998, the credit union originated 10 loans totaling \$1,035,150 under this program. During 1999, the credit union originated 17 loans totaling \$1,730,570 under this program.

Get the Lead Out Program

The Get the Lead Out Program is a lead paint abatement program concentrating on households that are in need of lead paint removal. The program focuses on low and moderate-income individuals and households. Eligible borrowers can select the 0% deferred payment loan, which is not due until the sale or refinancing of the property. This program was introduced during 1999 and the credit union originated one loan totaling \$20,013.

Septic Repair Loan Program

This program is available to all income-eligible homeowners faced with a need to repair a failed septic system to meet the Commonwealth's Title 5 requirements. Loan terms are as follows: properties are limited to 1-4 family homes and condominiums, loan amounts range from \$1,000 to \$25,000 and the amortizing period is from 3 to 30 years with interest rates of 0%, 3% or 5% depending on the household income. During 1999, the credit union originated two loans totaling \$22,700. During 1999, the funds became unavailable, therefore no more loans were originated.

Fannie 97

This product offers a low down payment to help accommodate the homebuyer, who has sufficient income to handle monthly mortgage payments but has difficulty accumulating cash for a down payment. The Fannie 97 program offers a loan-to-value ratio as high as 97 percent. This product is limited to homebuyers earning up to 100 percent of the area median income levels. During 1998, the credit union originated 8 loans totaling \$962,105. No loans have been originated in 1999.

Veterans Administration (VA)

The credit union participates in the Veterans Administration (VA) loan program. This loan program is available to veterans who have served in the active military, naval, or air service. Loans are insured by the Veteran's Administration, which enables veterans to purchase a residence with little or no down payment. During 1998 the credit union originated 7 loans totaling \$765,311. During 1999, the credit union originated 3 loans totaling \$335,988.

V. Fair Lending Policies and Practices

The following details St. Anne's Credit Union's fair lending performance as it correlates to the guidelines established by the Division of Bank's Regulatory Bulletin 2.3-101. The credit union has a fair lending policy in place that was last reviewed and approved by the Board of Directors on March 16, 1999. The Board of Directors reviews and updates the policy annually.

STAFF TRAINING

The credit union's records indicate that employees and managers have received training dealing with CRA and fair lending related issues over the last two years. The credit union's Compliance Officer along with the credit union's branch managers is responsible for developing and implementing CRA training. All employees are required to view videos on Equal Credit Opportunity and Fair Lending on an annual basis. In addition the CRA Officer attends Branch Manager meetings and advises them of the CRA issues to discuss with their personnel.

STAFF COMPOSITION AND COMPENSATION

The credit union's staff consists of 152 employees, including 34 part time individuals and 5 loan originators. There are 33 bilingual employees to assist the non-English speaking customers of the credit union. Second languages include French and Portuguese.

Loan originators are paid a base salary as well as commission. There is no incentive for these individuals to make smaller real estate loans. However, a review of the loans originated by these individuals for the past twenty-four months indicates an excellent mix of small and medium size loans.

OUTREACH

The credit union ascertains community credit needs through its continued support and involvement in community organizations.

In an effort to determine the credit needs of the entire assessment area, including low and moderate-income neighborhoods and low and moderate-income individuals, credit union officers, management and staff have developed relationships with local community organizations. Please refer to the Community Development Services section of this examination for further detail.

CREDIT PRODUCTS AND UNDERWRITING STANDARDS

Management periodically reviews the credit union's credit products and underwriting standards to ensure that the credit needs of the assessment area are being met. St. Anne's offers flexible lending products and government subsidized and guaranteed loan programs. Refer to the innovative and flexible lending section for a detailed list of the credit products offered by the credit union.

MARKETING

St Anne's Credit Union has incorporated an advertising policy into its Business Plan. The credit union advertises on Media One a local cable television station and two local radio stations WSAR and WHTB. In addition advertisements are placed in the following local and regional newspapers: The Fall River Herald News, The Spectator Shopper, The Chronicle, The New Bedford Standard Times, The Seekonk Star, The Barrington Times, and The Fall River Tribune which reach out to the credit union's entire assessment area. In an effort to reach the non-English speaking residents within its

assessment area, the credit union promotes its credit products in The Portuguese Times, and The Cape Verdean Times.

Other advertising methods utilized by the credit union include lobby displays, brochures, a web page on the Internet, and direct mailings.

CREDIT EDUCATION

The credit union conducts and participates in educational seminars for first time homebuyers and low and moderate-income individuals within its assessment area. The purpose of these seminars is to educate individuals as to the credit products available that meet their specific needs. Please refer to the Service Test criterion for a detailed list of the credit seminars offered by the credit union.

COUNSELLING

Credit union members who are experiencing credit difficulties are directed to experienced customer service representatives who consult with appropriate loan personnel to determine possible relief alternatives. In addition, the credit union refers customers in need of credit counseling to the Consumer Credit Counseling Service of Massachusetts.

SECOND REVIEW PRACTICES

The credit union has developed a formal second review procedure for all loans. Upon denial of a mortgage or consumer loan by a loan officer, the denied application is forwarded to the Credit Committee, which consists of the President/CEO and two board members, for a second review.

INTERNAL CONTROL PROCEDURES

The credit union's CRA officer has developed a CRA compliance program, which consists of a monthly analysis of the credit union's HMDA reports. The CRA officer then submits the analysis for Board review quarterly. In addition, the credit union is currently implementing a more formal process to ensure data accuracy of the HMDA/LAR.

MINORITY APPLICATION FLOW

The credit union's assessment area contains 294,145 individuals, of which 20,833 or 7.1% are minorities. The minority population consists of 0.2% Native American, 0.5% Asian, 1.7% Black, 2.8% Hispanic and 1.9% Other. HMDA reportable applications received from minority applicants within the assessment area during 1998 and YTD October 1,1999 were reviewed using CRA Wiz. Refer to the following table for additional information.

APPLICATION FLOW

RACE	1998		YTD 1999		TOTALS	
	#	%	#	%	#	%
Native American	0	0.0	0	0.0	0	0.0
Asian	1	0.1	1	0.2	2	0.1
Black	5	0.7	4	0.7	9	0.6
Hispanic	2	0.2	5	0.8	7	0.5
Joint Race	3	0.3	5	0.8	8	0.6
Other	0	0.0	1	0.2	1	0.1
TOTAL MINORITY	11	1.3	16	2.7	27	1.9
White	846	98.4	579	96.0	1,425	97.4
N/A	3	0.3	8	1.3	11	0.7
TOTAL	860	100.0	603	100.0	1,463	100.0

SOURCE - CRA Wiz 1998 and YTD October 1, 1999

According to the above data, the credit union received a total of 27 applications from minority applicants. This represented 1.9 percent of all applications. Of these applications, 0.6 percent were from applicants of joint race, 0.1 percent from Asian applicants, 0.6 percent from Black applicants, and 0.5 percent from Hispanic applicants. An analysis was also performed comparing the credit union's application flow levels in 1998 to all other HMDA-reporting lenders. The data indicated that the credit union received 1.3% of its applications from minority applicants compared to 4.7% for all other lenders. Overall, it appears that the minority application flow is below the aggregate given the demographics of the assessment area and the performance of other lenders.

St. Anne's Credit union's record of implementing and developing fair lending policies and practices is rated "Satisfactory". This rating is based on the credit union's efforts to market its credit products to all segments of its assessment area; efforts to provide credit education to prospective mortgage applicants through support of first time home buyer seminars; efforts to promote consumer credit counseling; implementation of a second review and internal control procedures; and a variety of credit products that meet the needs of all segments of the population, including low and moderate-income areas.

VI. Loss of Affordable Housing

The credit union's participation in government flexible lending programs, assist low and moderate-income residents to be able to remain in their neighborhoods.

Conclusion - Lending Test

The penetration of census tracts within the credit union's assessment area is comparable to both the demographics of the assessment area and to aggregate lending levels. Lending to applicants of different income levels is comparable to the demographics of the assessment area and is similar to all other HMDA reporters. The credit union uses innovative and flexible lending practices in order to meet the assessment area's credit needs. The credit union's fair lending initiatives are considered reasonable. Therefore, the credit union's overall performance under the Lending Test is considered to be "Satisfactory".

INVESTMENT TEST

In accordance with 209 CMR 46.23 credit unions will not be evaluated under the investment test except as provided under 209 CMR 46.61 (6)(c).

SERVICE TEST

The Service Test evaluates an institution's record of helping to meet the credit needs of its assessment area by analyzing both the availability and effectiveness of an institution's systems for delivering retail banking services and the extent and innovativeness of its community development services. The variety of products and services offered to consumers meets the needs of the communities served. The following details the institution's services.

Retail Banking Services

The credit union's systems for delivering retail-banking services are readily available to geographies and individuals of all income levels throughout its assessment area. St. Anne's Credit Union currently maintains 5 full-service offices, all serving the residents, employees and businesses within the assessment area. Two offices are located in the City of Fall River, including the main office at 286 Oliver Street, which is located in a moderate-income census tract. The credit union has branches in Dartmouth, Somerset, and Swansea. In addition, the credit union has loan production offices in North Dartmouth and Seekonk.

Branch business hours vary and are considered convenient and the services of the credit union appear sufficient to meet the needs of the assessment area. All branch offices have extended business hours on Thursday and Friday evenings and are open on Saturday morning. In addition, Automated Teller Machines (ATM), which are linked to the "NYCE" "Plus", "Discover", "MasterCard", "Visa" and "Cirrus" networks, are located at every office location. The credit union is a member of the SUM Alliance, which waives ATM surcharges for customers of SUM Alliance member institutions.

The credit union offers low cost checking and savings products and customers may access account information via telephone, 24 hours per day, 7 days a week. In addition access is available via the Internet and regular mail.

The credit union maintains a Branch Closing Policy, which outlines the credit union's procedures for closing branches. The policy meets regulatory requirements concerning branch closing notification and policies. Since the last examination, no offices have been closed. However, the Somerset branch was relocated in Somerset.

Alternative Delivery Systems

The credit union offers a low cost N.O.W. account with no monthly fees and no minimum balance requirements. The credit union also offers a basic savings account with no monthly fees and a \$25 minimum balance requirement.

In addition, the credit union offers its ACORN account for those under the age of 18. This account has no fees and a \$1 minimum balance requirement. The program focuses on educating school age children on the value of saving. The credit union has partnered with the Osborn School in Fall River to administer this program

Community Development Services

The revised CRA regulation defines a community development service as a service whose primary purpose is community development and is related to the provision of financial services. Credit union directors, management and employees are involved in providing support to local community development programs and projects. Through these involvements, the credit union's staff lends its technical expertise, experience and judgment to these organizations. Detailed below are St. Anne's Credit Union's qualified community development services.

Involvement in Community Organizations

- **United Way of Greater Fall River:** The credit union has played a significant role in supporting this entity. The organization offers community services targeted to low and moderate-income individuals. Approximately 70% of funds are directed to low and moderate-income individuals. The credit union's President/CEO serves as a Director, Executive Allocations Board Member, and is a member of the Research and Planning Committee. The President contributes significantly to this organization in the way of financial input in the budget process, fund raising and financial planning.
- **Council-Citizens for Citizens, Inc.** A Director, as a representative of the credit union provides services to this anti-poverty agency. These services include preparation of minutes of meetings, documents preparation for low-income housing and review of documents for procurement of sites to house Head Start programs.

- **Word Inc.:** This organization subsidizes day care for working parents, low-income and welfare recipients, etc. The Branch Manager of the Somerset branch is President of the Board of Directors.
- **Southeastern Mortgage Review Board:** This Board provides an independent second review at the request of the applicant for denied mortgage loan applications from southeastern Massachusetts. The credit union's CRA Officer is a member of this Board.
- **Southeastern Small Business Review Board:** This Board provides an independent second review at the request of the applicant for denied small business loan applications from southeastern Massachusetts. A Director is a member of this Board.
- **Salvation Army:** This organization sponsors a winter clothing drive for the most needy individuals in the community. The credit union's Assistant Vice President coordinates a children's winter coat drive that many credit union employees participate in.
- **South End Merchants Association - City of Fall River:** This organization addresses the needs of low and moderate-income individuals and geographies in the south end of Fall River. The credit union's south end branch manager assisted in a fundraiser for scholarships to be awarded to students residing in the south end of Fall River.

In addition to specific community development services provided by officers of the credit union, the staff at each branch location selects a worthy cause to support through human or financial resources. Although not all activities meet the technical requirements to qualify as a community development service, a large percentage of the involvement includes activities that are aimed at revitalizing or stabilizing various low and moderate-income areas.

Credit Education

During 1998 and 1999, the credit union participated in educational seminars for First Time Homebuyers and low and moderate-income individuals within its assessment area. The purpose of these seminars was to educate individuals as to the credit products available to meet their specific needs.

On March 3 - 4, 1998, and March 23 - 24, 1999, the credit union participated in a two day Homebuyers Counseling Seminar sponsored by the City of New Bedford Office of Housing and Neighborhood Development in conjunction with the Greater New Bedford Association of Realtors, Realtor/Lender Committee.

On October 23, 1999, the credit union participated in the New Bedford Community Homebuyer Festival sponsored by the City of New Bedford and held at the Greater New Bedford Regional Vocational Technical High School.

Conclusion - Service Test

St. Anne's Credit Union's systems for delivering retail-banking services are readily accessible to geographies and individuals of different income levels within its assessment area. The credit union's officers and employees have provided a minimal number of service activities primarily for community development purposes that are related to the provision of financial services. Therefore, the credit union's service test is considered to be "Satisfactory".

APPENDIX A

SCOPE OF EXAMINATION

St. Anne's Credit Union has one assessment area, which was reviewed using the examination procedures for large institutions.

The CRA evaluation included HMDA-reportable loans from January 1, 1998 to October 1, 1999.

Qualified investments were not reviewed, per regulation.

The credit union's systems for delivering retail banking services and the provision of community development services were considered.

St. Anne's Credit Union has branch locations in the New Bedford and Prov-Fall River-Warwick, RI-MA Metropolitan Statistical Areas (MSAs).

Internal analysis generated by management was reviewed during the examination, as was comparative data for the assessment area obtained from CRA WIZ. The examination also included a review of the credit union's Public File, which contained no negative CRA-related comments.

APPENDIX B

METROPOLITAN STATISTICAL AREAS

I. Providence/Fall River MSA

A. Credit Union Operations and Performance Context

The Providence/Fall River MSA portion of the assessment area contains the credit union's main office in Fall River. In addition, there are three branch offices located in this MSA, one each in Fall River, Somerset, and Swansea and a loan production office in Seekonk.

The Providence/Fall River MSA portion of the assessment area contains 35 of the 70 census tracts in the assessment area. This portion of the assessment area has a population of 127,166 and 33,872 families. Of these, 2.5% are low-income, 28.8% moderate-income, 59.5% middle-income, and 9.2% upper-income. Of the 35 census tracts, 1 is low-income, 16 are moderate income, 14 are middle income, 3 are upper income and 1 has no income designation. All the low and moderate-income census tracts are located in the City of Fall River.

B. Conclusions with Respect to Performance Tests

The portion of mortgage loans originated and purchased by the credit union in the Providence/Fall River MSA portion of the assessment area represents 64.6% of the number and 63.5% of the dollar volume of all loans inside its assessment area.

II. New Bedford MSA

A. Credit Union Operations and Performance Context

The New Bedford MSA portion of the assessment area contains one of the credit union's offices located in Dartmouth. This portion of the assessment area has a population of 166,979 and 46,092 families. Of these, 0.2% percent are low-income, 39.1% are moderate-income, 51.3% middle-income, and 9.4% upper-income. The area contains a total of 35 census tracts. One of these is low-income, 13 are moderate-income, 18 are middle-income, 2 are upper-income and 1 has no income designation. All the low and moderate-income census tracts are located in the City of New Bedford.

B. Conclusions with Respect to Performance Tests

The portion of HMDA-reportable loans originated and purchased by the credit union in the New Bedford MSA portion of the assessment area represents 35.4% of the number and 36.5% of the dollar volume of all loans inside its assessment area.

THE COMMONWEALTH OF MASSACHUSETTS

To the COMMISSIONER OF BANKS:

THIS IS TO CERTIFY, that the report of examination of the

ST. ANNE'S CREDIT UNION

for compliance with applicable consumer and fair lending rules and regulations and the Community Reinvestment Act (CRA), as of the close of business **OCTOBER 4, 1999**, has been read to or by the undersigned and the matters referred to therein will have our immediate attention.

_____	_____
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A majority of the Board of Directors/Trustees

Dated at _____ this _____ day of _____ 19 ____

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each local community;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office)."

[Please Note: If the institution has more than one local community, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that community.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee, which does not exceed the cost of reproduction, and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.